

ATLANTIS JAPAN GROWTH FUND



CUMULATIVE PERFORMANCE % (£)	YTD	1M	3M	1Y	3Y	5Y	2020	2019	2018	2017	2016	ITD*
AJG Price (total return)	-14.92	3.09	1.36	13.63	13.87	73.11	29.58	25.62	-15.52	51.56	3.96	281.69
AJG NAV (total return)	-9.66	6.87	1.56	9.14	20.72	85.00	24.07	33.60	-14.97	42.94	8.62	362.99
Topix Index (total return)	0.37	1.97	-0.81	10.19	14.35	57.93	8.73	16.05	-8.85	15.63	24.47	81.98

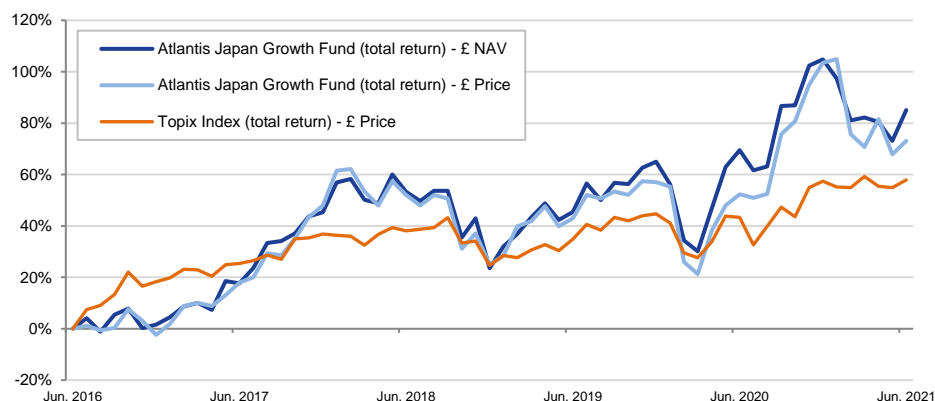
Sources: Northern Trust, Bloomberg and Quaero. The Fund's total return performance is calculated with dividends added back on ex-dividend date.
Notes: * Inception to date NAV return figure was converted to GBP based on the official USD NAV using Bloomberg FX rate.

DIVIDEND POLICY

At the 2019 AGM, shareholders of the Company approved the Board's recommendation to replace the six monthly redemption facility with a regular dividend paid to all shareholders on a quarterly basis set at 1% of the average net asset value per share during the final month of the preceding financial year.

The average daily NAV per share for April 2021 was 288p, thus the four payments in respect of the financial year ended 30 April 2021 will be at 2.88p per share payable at the end of September 2021, December 2021, March 2022 and June 2022. The quarterly interim dividend will be paid out of capital resources.

PERFORMANCE OVER 5 YEARS (£)



Sources: Northern Trust, Bloomberg and Quaero. The Fund's total return performance is calculated with dividends added back on ex-dividend date.
Notes: The figures in the above table and chart refer to past performance which is not a reliable indicator of future results. An investment in the Fund would place an investor's capital at risk. Figures shown are net of all fees.

MANAGER'S COMMENTARY

Hawkish comments out of Washington, suggesting that higher interest rates were in the offing, momentarily unnerved Japanese investors in June and consequently the TOPIX Index struggled to make headway over the course of the month. That said, there was a firmer tone to the market owing to investor acceptance that COVID-19 is being contained and there is steady progress in reopening the economy.

The NAV of the Fund, on a total return basis and in GBP terms, was up by 6.87% for the month. This represented good outperformance against the Fund's benchmark, the TOPIX Total Return Index, which was up by 1.97% in GBP terms. Investor interest was very much oriented towards small-capitalization growth stocks and, in GBP terms, the TOPIX Growth Index

registered a month-on-month increase of 3.11% in June while the Value Index rose by only 0.88%. For the first six months of calendar year 2021, the NAV of the Fund was down 9.66%, while the TOPIX benchmark was virtually flat at +0.37%. This underperformance reflected the poor performance of growth stocks during the first half of the calendar year, compared to value.

The stocks that made significant positive contributions to the Fund's June performance included blood-material supplier CellSource (4880), cashless payment services provider GMO Financial Gate (4051), alternative energy supplier Renova (9519), SPE-assembler Lasertec (6920) and software tester Shift (3697). Stocks that detracted from performance included Tri-Chemical Laboratories (4369), Media Do (3678), KHI

KEY FACTS

INVESTMENT OBJECTIVE

Aims to achieve long-term capital growth through investment wholly or mainly in listed Japanese equities.

FUND INFORMATION

Lead portfolio adviser	Taeko Setaishi
Lead adviser start date	01 May 2016
Total Net Assets (TNA)	GBP 119m
Shares in issue	41,794,570
Share price	239.0p
NAV per share	283.5p
Discount(-)/Premium	-15.7%
Net gearing	0.1%
Active Share	86.9%
Inception date	10 th May 1996

ADMINISTRATIVE & DEALING INFORMATION

Financial Year End	30 April
Company Domicile	Guernsey
Company Legal Structure	UK Investment Trust
Listing	London Stock Exchange
Valuation	Daily
Company Broker	Singer Capital Markets
Depository	Northern Trust
Administrator	Northern Trust
Auditor	Grant Thornton
Investment Manager	Quaero Capital LLP
Investment Adviser	Atlantis Investment Research Corporation

DIVIDEND

12 months dividend yield	3.6%
Quarterly interim paid	March, June, September and December

COMPANY FEES & EXPENSES

Ongoing Charges*	1.58%
Annual Management Fee	1.00% up to £125m 0.85% between £125m-£175m 0.70% greater than £175m

FUND CODES

Bloomberg	AJG LN
SEDOL	B61ND55
ISIN	GG00B61ND550

* Based on the Company's Annual Financial Statements to 30 April 2021.

Neochem (4189) and TKP Corporation (3479).

At the end of June, the Company held 66 stocks, one fewer than at the end of May. Over the course of the month, crystal/laser SPE-manufacturer Oxide (6521), cloud-solution provider Writeup (6580) and automobile paint-maker Nihon Tokushu Toryo (4619) were added to the portfolio. Infocom (4348), Prored Partners (7034), Surala (3998), and Taiko Pharmaceutical (4574) were sold. Even with these changes, the portfolio remains overweight in electric appliances, machinery, information and communications, and services.

Sector performance in the market in June was diffuse with a tilt towards sectors that are benefitting from the economy's slow reopening. The best performing sectors were marine transportation, mining, rubber products, and transportation equipment. The worst performers were iron and steel, securities and commodities futures, non-ferrous metals, and insurance. Twenty sectors advanced during the month, with thirteen declining.

June investor data indicate that non-resident investors were net sellers over the month, along with trust banks and investment trusts. Non-financial corporations were net purchasers, as were retail investors. The Bank of Japan was inactive in ETFs over the course of the month and so was a neutral factor in the supply and demand for equities. The June short-sell ratio was 37%, which was in the low range so far this year. The Japanese market's daily turnover in June averaged JPY 2.41trn, an approximately 15% month-on-month decline.

Excluding cash, the Fund was entirely invested in equities of publicly listed Japanese companies and J-REITs. The

Fund had no exposure to any structured financial product, nor did it have any currency hedges in place during the month. At the end of June, the JPY rate against the GBP was 152.91, a gain of 1.98% from May's 155.94 close.

Coincident economic data suggest a polarized economic recovery is underway. The June 2021 Bank of Japan 'Tankan' survey is a case in point. The survey showed better operating conditions in the manufacturing sectors with upward revisions to sales and earnings. The Investment Adviser was further encouraged that companies are revising upward their fixed investment plans to address the supply-chain problems which became apparent during the pandemic. The Investment Adviser notes that aggregate turnover by TSE1-listed companies is expected to rise 6% in the current fiscal year to March 2022, and company guidance suggests that aggregate pre-tax profits will rise by 21% resulting in a 17x forward PER for the market.

The Investment Adviser is of the view that economic recovery in Japan is now under way, driven by manufacturing and external demand. Furthermore, the Investment Adviser believes that the significant social and economic structural changes that have accompanied the virus will create numerous new investment opportunities. Indeed, these opportunities are beginning to surface in the IPO market. In the first half of 2021 there were 53 IPOs, an increase of nineteen on the first half of 2020, which suggests that investors' risk appetites may be intensifying in tandem with the economy's recovery. The Investment Adviser believes that the Fund, committed as it is to a growth-oriented, bottom-up, stock-picking style, is well positioned to identify investment opportunities as they emerge.

PORTFOLIO STATISTICS

MARKET EXPOSURE 100.1%

TOP 10 HOLDINGS	(% TNA)
Renova	4.8
Cellsource	4.8
Nidec	4.7
Lasertec	4.2
Tokyo Electron	3.7
Nihon M&A Center	3.0
Daifuku	2.7
Shift	2.6
Industrial & Infrastructure	2.4
GMO Financial Gate	2.4

SECTOR BREAKDOWN	(% TNA)
Consumer Discretionary	5.4
Financials	2.7
Health Care	15.1
Industrials	26.8
Information Technology	31.2
Materials	2.4
Real Estate	5.8
Communication Services	5.8
Utilities	4.8

MARKET CAPITALISATION	(% TNA)
> 10bn	24.1
5-10bn	10.0
2-5bn	14.7
0.5-2bn	32.2
< 0.5bn	19.1

CONTACTS

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KEY RISKS

- » Past performance is not a reliable indicator of future results. The value of your investment may go down as well as up and you may not get back the amount originally invested.
- » The Fund may be invested in securities denominated in currencies other than Sterling. Changes in exchange rates may cause your investment to decrease or increase in value.
- » The Fund, as an investment trust, is a public limited company, the shares of which are traded on the London Stock Exchange. Investment trusts are not authorised and regulated by the Financial Conduct Authority.
- » Investment trusts may borrow money in order to make further investments. This is known as 'gearing' or 'leverage'. The effect of gearing can enhance returns to shareholders in rising markets but will have the opposite effect on returns in falling markets.
- » The Fund may invest in smaller companies which are generally considered to carry a higher degree of risk as the market for their shares is often less liquid than that for larger companies.
- » An investment trust's exposure to a single market and currency may increase the level of risk.

IMPORTANT INFORMATION

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